

REALTY INCOME CORP
Form 10-Q
July 27, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2017, or

o Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 1-13374

REALTY INCOME CORPORATION

(Exact name of registrant as specified in its charter)

Maryland

33-0580106

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(State or Other Jurisdiction of
Incorporation or Organization)

(IRS Employer Identification
Number)

11995 El Camino Real, San Diego, California 92130

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **(858) 284-5000**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 274,075,269 shares of common stock outstanding as of July 20, 2017.

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REALTY INCOME CORPORATION

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June 30, 2017

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REALTY INCOME CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2017 and December 31, 2016

(dollars in thousands, except per share data)

	2017 (unaudited)	2016
ASSETS		
Real estate, at cost:		
Land	\$ 3,916,218	\$ 3,752,204
Buildings and improvements	10,446,765	10,112,212
Total real estate, at cost	14,362,983	13,864,416
Less accumulated depreciation and amortization	(2,168,248)	(1,987,200)
Net real estate held for investment	12,194,735	11,877,216
Real estate held for sale, net	12,463	26,575
Net real estate	12,207,198	11,903,791
Cash and cash equivalents	10,945	9,420
Accounts receivable, net	107,147	104,584
Acquired lease intangible assets, net	1,180,182	1,082,320
Goodwill	15,001	15,067
Other assets, net	53,643	37,689
Total assets	\$ 13,574,116	\$ 13,152,871
LIABILITIES AND EQUITY		
Distributions payable	\$ 58,284	\$ 55,235
Accounts payable and accrued expenses	115,595	121,156
Acquired lease intangible liabilities, net	266,365	264,206
Other liabilities	124,772	85,616
Line of credit payable	648,000	1,120,000
Term loans, net	319,273	319,127
Mortgages payable, net	378,352	466,045
Notes payable, net	4,642,423	3,934,433
Total liabilities	6,553,064	6,365,818
Commitments and contingencies		
Stockholders' equity:		
Preferred stock and paid in capital, par value \$0.01 per share, 69,900,000 shares authorized, no shares issued and outstanding as of June 30, 2017 and 16,350,000 issued and outstanding as of December 31, 2016, liquidation preference \$25.00 per share	-	395,378
Common stock and paid in capital, par value \$0.01 per share, 370,100,000 shares authorized, 274,064,985 shares issued and outstanding as of June 30, 2017 and 260,168,259 shares issued and outstanding as of December 31, 2016	9,046,533	8,228,594

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Distributions in excess of net income	(2,045,127)	(1,857,168)
Total stockholders' equity	7,001,406	6,766,804
Noncontrolling interests	19,646	20,249
Total equity	7,021,052	6,787,053
Total liabilities and equity	\$ 13,574,116	\$ 13,152,871

The accompanying notes to consolidated financial statements are an integral part of these statements.

REALTY INCOME CORPORATION AND SUBSIDIARIES

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CONSOLIDATED STATEMENTS OF INCOME

For the three and six months ended June 30, 2017 and 2016

(dollars in thousands, except per share data) (unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
REVENUE				
Rental	\$ 288,049	\$ 260,056	\$ 573,870	\$ 516,857
Tenant reimbursements	11,756	11,112	22,985	20,217
Other				